

AMENDED IN SENATE MAY 21, 2003  
AMENDED IN SENATE APRIL 24, 2003  
AMENDED IN SENATE APRIL 9, 2003  
AMENDED IN SENATE MARCH 25, 2003

**SENATE BILL**

**No. 21**

**Introduced by Senator Machado**

December 2, 2002

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An act to amend Section 11361 of the Government Code, and to add Sections 79505.5, 79506.5, 79522, 79532, 79533, 79534, 79535, 79540.1, 79541.1, 79542.1, 79543.1, 79544.1, 79544.2, 79547, 79547.2, 79555, 79560.5, 79562.5, 79564.1, 79564.5, 79568.5, and 79571.5 to, *and to add Chapter 10.7 (commencing with Section 79579) to Division 26.5 of*, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 21, as amended, Machado. Water: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

(1) The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, an initiative measure approved by the voters at the November 5, 2002, statewide general election, authorizes the state to issue general obligation bonds in the amount of \$3,440,000,000 for the purposes of the act.

This bill would require various state agencies, including the State Department of Health Services, the State Water Resources Control Board, and the Department of Water Resources, to establish guidelines for the purposes of implementing the act, ~~and to convene and consult with a public advisory committee composed of certain representatives~~

~~to assist each of those state agencies in carrying out that task. The bill would require each state agency disbursing grants or loans pursuant to the act in accordance with a competitive process to conduct 2 public meetings to consider public comments prior to adopting those guidelines.~~

The bill would authorize state agencies implementing certain provisions of the act to include in these guidelines a requirement for matching funds but only if the guidelines include a waiver process for economically disadvantaged communities and severely economically disadvantaged communities, ~~and. The bill would require those state agencies to include in those guidelines a preference for grants to economically disadvantaged communities and severely economically disadvantaged communities.~~ The bill would require each state agency to inform the Legislature as to its guidelines and would authorize the allocation of bond funds subject to those respective guidelines 60 days after the date on which the state agency informs the Legislature. The bill would require state agencies that are required to implement certain provisions of the act to inform the Legislature as to each recipient of bond funds, the amount of each expenditure made during the previous fiscal year, and the amount of bond funds available for implementation of those respective provisions of the act.

The bill would require state agencies to award grants pursuant to certain provisions of the act on a competitive statewide basis and would require the State Department of Health Services to allocate certain grant money available to southern California water agencies on a competitive basis for projects to reduce Colorado River water use, including projects undertaken jointly with other entities.

The bill would declare the intent of the Legislature, of the funds made available for the purposes of desalination projects, to enact subsequent legislation, to appropriate at least \$10,000,000 for feasibility studies.

*The bill would require funds made available by the act for the purposes of a public drinking water system security program to be appropriated to the State Department of Health Services, and upon appropriation of funds for that purpose, would require the state department and the Office of Health Hazard Assessment to conduct a program to identify unregulated substances for the purposes of carrying out that security program.* The bill would establish various other requirements relating to the implementation of the act.

(2) Existing law requires state agencies to adopt regulations in accordance with prescribed procedures and requirements and requires

the Office of Administrative Law to review adopted regulations and to make certain determinations.

This bill would exempt the adoption or revision of regulations, guidelines, or criteria that implement the act from those provisions, ~~and would instead require a public participation process.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares the  
2 following:

3 ~~(a) In order to protect the intent of the voters in approving the~~  
4 ~~Water Security, Clean Drinking Water, Coastal and Beach~~  
5 ~~Protection Act of 2002 (Division 26.5 (commencing with Section~~  
6 ~~79500) of the Water Code), it is necessary and desirable that that~~  
7 ~~act be implemented in as open and transparent manner as is~~  
8 ~~practicable.~~

9 ~~(b) It is further necessary and desirable that the public be~~  
10 ~~directly involved in the development of guidelines governing~~  
11 ~~project solicitation, criteria, and evaluation to the maximum extent~~  
12 ~~practicable.~~

13 ~~(c) Funds made available by that act are limited relative to~~  
14 ~~apparent need. Therefore, both of the following implementing~~  
15 ~~measures are necessary and desirable:~~

16 ~~(1) Expenditures, including expenditures for loans and grants,~~  
17 ~~pursuant to that act should be made on a competitive basis and~~  
18 ~~evaluated solely on merit and need.~~

19 ~~(2) Projects that meet the needs of economically disadvantaged~~  
20 ~~communities and severely economically disadvantaged~~  
21 ~~communities and projects that provide net environmental benefits~~  
22 ~~should receive a preference in funding.~~

23 ~~(d) To ensure that that act is implemented in accordance with~~  
24 ~~the intent of the voters, it is necessary and desirable for agencies~~  
25 ~~that implement that act to report annually on all of the following~~  
26 ~~matter:~~

27 ~~(1) The guidelines and procedures developed through a public~~  
28 ~~advisory process.~~

~~(2) The geographic distribution of funds allocated pursuant to that act and the intended public benefit provided by those expenditures.~~

~~(3) The balance of funds available by that act for expenditures, including expenditures for loans and grants, act be implemented in furtherance of all of the following general principles:~~

~~(a) To support projects that maximize the efficient and ecologically integrated use of water.~~

~~(b) To achieve multiple benefits with respect to water quality.~~

~~(c) To support projects that benefit economically disadvantaged communities and severely economically disadvantaged communities.~~

~~(d) To promote projects that will utilize matching funds, allowing for a reduction or waiver of matching funds, where possible, to promote the participation of economically disadvantaged communities and severely economically disadvantaged communities.~~

~~(e) To ensure the expeditious disbursement of bond funds by state agencies for approved projects.~~

~~(f) To require water-related projects to attain and maintain water quality standards that fully protect the beneficial uses of all of the state's waters.~~

~~(g) To promote projects that are consistent with nonpoint source pollution control regulations, water quality monitoring programs, aquatic invasive species control projects, and the identification and restoration of impaired waters under state and federal laws.~~

~~(h) To support projects that facilitate compliance with ongoing programs and policies to improve the quality of the state's waters.~~

~~(i) To support water supply and property acquisition projects that are consistent with state planning priorities as identified in the State Environmental Goals and Policy Report and to promote water projects within already developed areas to consolidate existing development and to discourage sprawl.~~

~~(j) To require, where appropriate, that projects include a monitoring component, including standardized protocols for integrating findings into a statewide monitoring program, including, but not limited to, the surface water ambient monitoring program carried out by the State Water Resources Control Board.~~

1 (k) To require, where appropriate, the coordination of  
2 statewide groundwater monitoring, including monitoring  
3 undertaken by the State Water Resources Control Board, the State  
4 Department of Health Services, the Department of Pesticide  
5 Regulation, and the Department of Water Resources, consistent  
6 with the Groundwater Quality Monitoring Act of 2001 (Part 2.76  
7 (commencing with Section 10780) of Division 6 of the Water  
8 Code).

9 (l) To require, to the extent feasible, a monitoring and reporting  
10 plan that does all of the following:

11 (1) Identifies the source or sources of pollution or degradation  
12 to be prevented or reduced by the project, or the ecological  
13 restoration to be achieved by the project.

14 (2) Describes the baseline water quality or ecological  
15 condition within the project boundaries.

16 (3) Explains the manner in which the project will be effective  
17 in preventing or reducing pollution or demonstrating the desired  
18 ecological result.

19 (4) Describes the monitoring program, including, but not  
20 limited to, the methodology, frequency, and duration of  
21 monitoring.

22 (m) To require, where appropriate, acquisition projects that  
23 promote the preservation of California's natural heritage to be  
24 consistent with the Natural Heritage Preservation Tax Credit Act  
25 of 2000 (Division 28 (commencing with Section 37000) of the  
26 Public Resources Code).

27 (n) To require agencies that implement that act to report  
28 annually on all of the following matters:

29 (1) The public consultation process, and the adoption of  
30 implementing guidelines and procedures, including procedures for  
31 assessing the cumulative effect of projects to improve the state's  
32 environment.

33 (2) The geographic distribution of funds allocated pursuant to  
34 that act and the public benefits provided by those expenditures.

35 (3) The balance of funds available by that act for expenditures,  
36 including expenditures for loans and grants.

37 SEC. 2. Section 11361 of the Government Code is amended  
38 to read:

39 11361. This chapter does not apply to the adoption or revision  
40 of regulations, guidelines, or criteria to implement the Safe

1 Neighborhood Parks, Clean Water, Clean Air, and Coastal  
2 Protection Bond Act of 2000 (the Villaraigosa-Keeley Act)  
3 (Chapter 1.692 (commencing with Section 5096.300) of Division  
4 5 of the Public Resources Code) or the Water Security, Clean  
5 Drinking Water, Coastal and Beach Protection Act of 2002  
6 (Division 26.5 (commencing with Section 79500) of the Water  
7 Code). ~~The adoption or revision of regulations, guidelines, or~~  
8 ~~criteria, if necessary to implement those respective acts, shall~~  
9 ~~instead be accomplished by means of a public process reasonably~~  
10 ~~calculated to give those persons interested in their adoption or~~  
11 ~~revision an opportunity to be heard. Code).~~

12 SEC. 2.5. Section 79505.5 is added to the Water Code, to read:

13 79505.5. As used in this division, the following terms shall  
14 have the following meanings:

15 (a) “Economically disadvantaged community” means a  
16 community with an annual median household income of  
17 thirty-seven thousand dollars (\$37,000) or more, but less than  
18 forty-seven thousand dollars (\$47,000), and an unemployment  
19 rate that is more than 7 percent, but not more than 9 percent, based  
20 on the most recent federal census.

21 ~~(b) “Matching funds” means funds made available by other~~  
22 ~~than this division, donated services from nonstate sources, or both.~~

23 ~~(c) “Net environmental benefits” means \_\_\_\_.~~

24 ~~(d) “Safe drinking water standards” means state and federal~~  
25 ~~safe drinking water standards and maximum contaminate levels~~  
26 ~~and action levels, including the United States Environmental~~  
27 ~~Protection Agency’s Stage 1 Disinfectants and Disinfection~~  
28 ~~By-Products Rule.~~

29 ~~(e) “Severely economically disadvantaged community”~~  
30 ~~means a community with an annual median household income of~~  
31 ~~less than thirty-seven thousand dollars (\$37,000) or an~~  
32 ~~unemployment rate that is more than 9 percent, based on the most~~  
33 ~~recent federal census.~~

34 ~~SEC. 3. Section 79522 is added to the Water Code, to read:~~

35 ~~79522. (a) Funds made available pursuant to Section 79520~~  
36 ~~shall be appropriated to the State Department of Health Services~~  
37 ~~for statewide competitive grants.~~

38 ~~(b) The State Department of Health Services, at a minimum,~~  
39 ~~shall convene and consult with a public advisory committee for the~~

1 ~~purposes of developing solicitation and evaluation guidelines for~~  
2 ~~awarding grants under Section 79520.~~

3 ~~(e) The public advisory committee shall be composed of~~  
4 ~~representatives of interested federal, state, and local governmental~~  
5 ~~agencies, regional water management groups and other regional~~  
6 ~~resource planning groups, public and private water agencies,~~  
7 ~~agricultural interest groups, environmental interest groups, public~~  
8 ~~interest groups, nonprofit interest groups, and other interested~~  
9 ~~parties.~~

10 ~~(d) The public advisory committee shall provide advice and~~  
11 ~~comments to the State Department of Health Services on project~~  
12 ~~solicitation and evaluation, including, at a minimum, funding~~  
13 ~~priorities and criteria for evaluating grant proposals.~~

14 ~~(e) Based on the advice and comments of the public advisory~~  
15 ~~committee, the State Department of Health Services shall develop~~  
16 ~~project solicitation and evaluation guidelines. The State~~  
17 ~~Department of Health Services shall inform the Legislature as to~~  
18 ~~the project solicitation and evaluation guidelines developed under~~  
19 ~~this section.~~

20 ~~(f)–~~

21 *(b) “Ecosystem restoration” means projects that demonstrate*  
22 *the capability of contributing to sustained, long-term water quality*  
23 *or ecological restoration or protection benefits for a period of at*  
24 *least 20 years, address the causes of degradation rather than the*  
25 *symptoms, and are consistent with water quality and resource*  
26 *protection plans prepared, implemented, or adopted by the state*  
27 *board or the applicable regional board.*

28 *(c) “Matching funds” means either of the following:*

29 *(1) Funds made available by other than this division in the*  
30 *amount at least 50 percent of the amount of funds made available*  
31 *by this division.*

32 *(2) Donated services from nonstate sources, the value of which*  
33 *equals at least 50 percent of the amount of funds made available*  
34 *by this division.*

35 *(d) “Safe drinking water standards” means state and federal*  
36 *safe drinking water standards and maximum contaminate levels*  
37 *and action levels, including the United States Environmental*  
38 *Protection Agency’s Stage 1 Disinfectants and Disinfection*  
39 *By-Products Rule.*



1 (e) “Severely economically disadvantaged community” means  
2 a community with an annual median household income of less than  
3 thirty-seven thousand dollars (\$37,000) or an unemployment rate  
4 that is more than 9 percent, based on the most recent federal  
5 census.

6 SEC. 2.7. Section 79506.5 is added to the Water Code, to  
7 read:

8 79506.5. (a) On or before March 15, 2004, each state agency  
9 disbursing grants or loans pursuant to this division in accordance  
10 with a competitive process shall conduct two public meetings to  
11 consider public comments prior to adopting guidelines. One  
12 meeting shall be conducted at a location in northern California  
13 and one meeting shall be conducted at a location in southern  
14 California.

15 (b) To the extent feasible, each state agency shall provide  
16 outreach to economically disadvantaged communities and  
17 severely economically disadvantaged communities to promote  
18 their access to and participation in these meetings.

19 SEC. 3. Section 79522 is added to the Water Code, to read:

20 79522. (a) (1) Funds made available pursuant to Section  
21 79520 shall be appropriated to the State Department of Health  
22 Services to carry out this chapter.

23 (2) Upon appropriation of funds made available pursuant to  
24 Section 79520 for that purpose, the State Department of Health  
25 Services and the Office of Environmental Health Hazard  
26 Assessment shall conduct a program to identify unregulated  
27 substances and to establish action levels for the protection of  
28 drinking watersources and potential drinking water sources for the  
29 purposes of carrying out this chapter.

30 (b) (1) Subject to paragraph (2), the State Department of  
31 Health Services, to the maximum extent possible, shall award  
32 grants under this chapter to entities that provide matching funds.

33 (2) The State Department of Health Services shall seek to  
34 award grants under this chapter in a manner that provides for the  
35 equitable distribution of funds between the northern and southern  
36 regions of the state.

37 (c) The State Department of Health Services shall develop  
38 project solicitation and evaluation guidelines and shall inform the  
39 Legislature as to those guidelines.





1 (d) *For projects relating to monitoring and early warning*  
2 *systems, preference shall be given to affordable, rapid diagnostic*  
3 *devices that can identify multiple contaminants in drinking water,*  
4 *including unregulated substances.*

5 (e) Funds for awarding grants under this section are available  
6 for allocation 60 days after the date on which the State Department  
7 of Health Services informs the Legislature on the project  
8 solicitation and evaluation guidelines.

9 ~~(g)~~

10 (f) Beginning January 1, 2005, the State Department of Health  
11 Services shall inform the Legislature as to the recipient and the  
12 amount of each grant awarded during the previous fiscal year  
13 under this chapter. The information shall include data on the  
14 geographic distribution of grants awarded under this chapter and  
15 the intended public benefit those grants provide. The information  
16 shall also include data on the balance of funds available under this  
17 chapter for grants in that current fiscal year and future fiscal years.

18 SEC. 4. Section 79532 is added to the Water Code, to read:

19 79532. (a) Funds made available pursuant to subdivision (b)  
20 of Section 79530 shall be administered in accordance with this  
21 section.

22 (b) Grants shall be awarded on a competitive basis among  
23 southern California water agencies.

24 (c) For the purposes of this chapter, “southern California water  
25 agencies” means water agencies whose service area is entirely or  
26 partly in one or more of the following counties: San Diego,  
27 Imperial, Riverside, Orange, Los Angeles, San Bernardino, or  
28 Ventura.

29 (d) Grants may be awarded to southern California water  
30 agencies for projects undertaken jointly by one or more southern  
31 California water agencies and other entities.

32 (e) A project funded by a grant made pursuant to subdivision  
33 (b) of Section 79530 shall meet both of the following  
34 requirements:

35 (1) The project will assist the grantee to meet safe drinking  
36 water standards.

37 (2) The project will assist the grantee to meet the state’s  
38 commitment to reduce Colorado River water use to 4.4 million  
39 acre-feet per year.

40 SEC. 5. Section 79533 is added to the Water Code, to read:

1     79533. (a) ~~The State Department of Health Services, at a~~  
2 ~~minimum, shall convene and consult with a public advisory~~  
3 ~~committee for the purposes of developing solicitation and~~  
4 ~~evaluation guidelines for awarding grants under subdivision (b) of~~  
5 ~~Section 79530.~~

6     ~~(b) The public advisory committee shall be composed of~~  
7 ~~representatives of interested federal, state, and local governmental~~  
8 ~~agencies, regional water management groups and other regional~~  
9 ~~resource planning groups, public and private water agencies,~~  
10 ~~agricultural interest groups, environmental interest groups, public~~  
11 ~~interest groups, nonprofit interest groups, and other interested~~  
12 ~~parties.~~

13     ~~(c) The public advisory committee shall provide advice and~~  
14 ~~comments to the State Department of Health Services on project~~  
15 ~~solicitation and evaluation, including, at a minimum, funding~~  
16 ~~priorities and criteria for evaluating grant proposals.~~

17     ~~(d) Based on the advice and comments of the public advisory~~  
18 ~~committee, the State Department of Health Services shall develop~~  
19 *For the purposes of carrying out Section 79530, the State*  
20 *Department of Health Services shall develop* project solicitation  
21 and evaluation guidelines. The guidelines may include a  
22 requirement for matching funds, but only if the guidelines also  
23 include a waiver process for economically disadvantaged  
24 communities and severely economically disadvantaged  
25 communities. The guidelines may also include a cap on the size of  
26 grants awarded pursuant to ~~subdivision (b) of~~ Section 79530. The  
27 guidelines shall include a preference for grants to economically  
28 disadvantaged communities and severely economically  
29 disadvantaged communities.

30     ~~(e)~~

31     ~~(b)~~ The State Department of Health Services shall inform the  
32 Legislature as to the project solicitation and evaluation guidelines  
33 developed under this section. Funds for awarding grants pursuant  
34 to ~~subdivision (b) of~~ Section 79530 are available for allocation 60  
35 days after the date on which the State Department of Health  
36 Services informs the Legislature.

37     ~~(c)~~ *A project may only receive funds made available by*  
38 *subdivision (a) or subdivision (b) of Section 79530, and is not*  
39 *eligible for funding under both subdivisions (a) and (b) of Section*  
40 *79530.*

(d) For the purposes of this chapter, “small community” means a municipality with a population of 3,300 person or fewer, or 1000 communities or fewer.

SEC. 6. Section 79534 is added to the Water Code, to read:

79534. (a) Funds made available pursuant to paragraphs (1) to (5), inclusive, of subdivision (a) of Section 79530, and not for the purposes of subdivision (b) of that section, shall be administered in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis. ~~A project that is eligible for funding for the purposes of subdivision (b) of Section 79530 is not eligible for a grant subject to this section.~~

~~(c) The State Department of Health Services, at a minimum, shall convene and consult with a public advisory committee for the purposes of developing solicitation and evaluation guidelines for awarding grants under this section.~~

~~(d) The public advisory committee shall be composed of representatives of interested federal, state, and local governmental agencies, regional water management groups and other regional resource planning groups, public and private water agencies, agricultural interest groups, environmental interest groups, public interest groups, nonprofit interest groups, and other interested parties.~~

~~(e) The public advisory committee shall provide advice and comments to the State Department of Health Services on project solicitation and evaluation, including, at a minimum, funding priorities and criteria for evaluating grant proposals.~~

~~(f) Based on the advice and comments of the public advisory committee, the State Department of Health Services shall develop project solicitation and evaluation guidelines. The guidelines may include a requirement for matching funds, but only if the guidelines also include a waiver process for economically disadvantaged communities and severely economically disadvantaged communities. The guidelines may also include a cap on the size of grants awarded pursuant to this section. The guidelines shall include a preference for grants to economically disadvantaged communities and severely economically disadvantaged communities.~~

~~(g) The State Department of Health Services shall inform the Legislature as to the project solicitation and evaluation guidelines~~

~~1 developed under this section. Funds for awarding grants subject to  
2 this section are available for allocation 60 days after the date on  
3 which the State Department of Health Services informs the  
4 Legislature.~~

~~5 (c) To be eligible for a grant pursuant to subdivision (a) of  
6 Section 79530, the applicant shall demonstrate that the project  
7 will assist the grantee to meet safe drinking water standards.~~

~~8 (d) For the purposes of implementing subdivision (a) of Section  
9 79530, the State Department of Health Services shall assign a  
10 preference to eligible projects that are designed to achieve a public  
11 health goal.~~

SEC. 7. Section 79535 is added to the Water Code, to read:

79535. Beginning January 1, 2005, the State Department of Health Services shall inform the Legislature as to the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The information shall include data on the geographic distribution of grants awarded under this chapter and the intended public benefit those grants provide. The information shall also include data on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

SEC. 8. Section 79540.1 is added to the Water Code, to read:

79540.1. (a) Funds made available pursuant to Section 79540 shall be administered in accordance with this section.

(b) Grants shall be awarded on a statewide competitive basis.

~~25 (c) The board, at a minimum, shall convene and consult with  
26 a public advisory committee for the purposes of developing  
27 solicitation and evaluation guidelines for awarding grants under  
28 this section.~~

~~29 (d) The public advisory committee shall be composed of  
30 representatives of interested federal, state, and local governmental  
31 agencies, regional water management groups and other regional  
32 resource planning groups, public and private water agencies,  
33 agricultural interest groups, environmental interest groups, public  
34 interest groups, nonprofit interest groups, and other interested  
35 parties.~~

~~36 (e) The public advisory committee shall provide advice and  
37 comments to the board on project solicitation and evaluation,  
38 including, at a minimum, funding priorities and criteria for  
39 evaluating grant proposals.~~

1 ~~(f) Based on the advice and comments of the public advisory~~  
2 ~~committee, the~~

3 (c) The board shall develop project solicitation and evaluation  
4 guidelines. The guidelines may include a requirement for  
5 matching funds, but only if the guidelines also include a waiver  
6 process for economically disadvantaged communities and  
7 severely economically disadvantaged communities. The  
8 guidelines may also include a cap on the size of grants awarded  
9 pursuant to this section. The guidelines shall include a preference  
10 for grants to economically disadvantaged communities and  
11 severely economically disadvantaged communities.

12 ~~(g)–~~  
13 (d) For the purposes of financing eligible projects, the board  
14 shall assign a preference to all of the following projects:

15 (1) Projects for which the board determines that the applicant  
16 has made appropriate commitment to expedite the implementation  
17 of a total maximum daily load program or a commitment to  
18 achieve water quality objectives.

19 (2) Projects that implement enforceable programs that have a  
20 clearly defined process for achieving and maintaining water  
21 quality standards. For the purposes of this paragraph,  
22 “enforceable programs” means \_\_\_\_.

23 (3) Projects that implement best management practices in  
24 accordance with “Phase II” of the national pollution discharge  
25 elimination system stormwater program as set forth in Part 122 of  
26 Title 40 of the Code of Federal Regulations.

27 (4) Projects that implement an approved total maximum daily  
28 load program, implement best management practices in  
29 accordance with waivers granted by, or waste discharge  
30 requirements prescribed by, a regional board or the state board, or  
31 implement a watershed management plan approved by a regional  
32 board or the state board.

33 (e) The board shall inform the Legislature as to the project  
34 solicitation and evaluation guidelines developed under this  
35 section. Funds for awarding grants pursuant to Section 79540 are  
36 available for allocation 60 days after the date on which the board  
37 informs the Legislature.

38 ~~(h)–~~  
39 (f) Beginning January 1, 2005, the board shall inform the  
40 Legislature as to the recipient and the amount of each grant

1 awarded the previous fiscal year pursuant to Section 79540. The  
2 information shall include data on the geographic distribution of  
3 grants awarded under Section 79540 and the intended public  
4 benefit those grants provide. The information shall also include  
5 data on the balance of funds available under Section 79540 for  
6 grants in that current fiscal year and future fiscal years.

7 SEC. 9. Section 79541.1 is added to the Water Code, to read:

8 79541.1. Beginning January 1, 2005, the secretary shall  
9 inform the Legislature as to the recipient and the amount of each  
10 expenditure, loan, or grant awarded during the previous fiscal year  
11 pursuant to Section 79541. The information shall include data on  
12 the geographic distribution of those expenditures, loans, or grants  
13 awarded under Section 79541 and the intended public benefit  
14 those expenditures, loans, or grants provide. The information shall  
15 also include data on the balance of funds available under Section  
16 79541 for expenditures, loans, or grants in that current fiscal year  
17 and future fiscal years.

18 SEC. 10. Section 79542.1 is added to the Water Code, to read:

19 79542.1. Beginning January 1, 2005, the California Tahoe  
20 Conservancy shall inform the Legislature as to the seller and the  
21 amount of each expenditure made during the previous fiscal year  
22 pursuant to Section 79542. The information shall include data on  
23 the geographic distribution of expenditures under Section 79542  
24 and the intended public benefit those expenditures provide. The  
25 information shall also include data on the balance of funds  
26 available under Section 79542 for expenditures in that current  
27 fiscal year and future fiscal years.

28 SEC. 11. Section 79543.1 is added to the Water Code, to read:

29 79543.1. Beginning January 1, 2005, the board shall inform  
30 the Legislature as to the recipient and the amount of each  
31 expenditure, grant, and loan made during the previous fiscal year  
32 pursuant to Section 79543. The information shall include data on  
33 the geographic distribution of expenditures, grants, and loans  
34 awarded under Section 79543 and the intended public benefit  
35 those expenditures, grants, and loans provide. The information  
36 shall also include data on the balance of funds available under  
37 Section 79543 for expenditures, grants, and loans in that current  
38 fiscal year and future fiscal years.

39 SEC. 12. Section 79544.1 is added to the Water Code, to read:

1 79544.1. The secretary shall require all prospective grantees  
2 for land and water acquisitions pursuant to Section 79544 to  
3 include in the grant application a proposal for the long-term  
4 management of the resource proposed to be acquired. The  
5 proposal shall identify the agency or organization that will hold  
6 title to the resource, including any state or federal agency to which  
7 title may be transferred after acquisition, and the agency or  
8 organization that will be responsible for managing and protecting  
9 the water quality values of the resource.

10 SEC. 13. Section 79544.2 is added to the Water Code, to read:

11 79544.2. Beginning January 1, 2005, the secretary shall  
12 inform the Legislature as to the recipient and the amount of each  
13 acquisition funded during the previous fiscal year pursuant to  
14 Section 79544. The information shall include data on the  
15 geographic distribution of acquisitions funded under Section  
16 79544 and the intended public benefit those acquisitions provide.  
17 The information shall also include data on the balance of funds  
18 available under Section 79544 for acquisitions in that current  
19 fiscal year and future fiscal years.

20 SEC. 14. Section 79547 is added to the Water Code, to read:

21 79547. (a) Funds made available pursuant to Section 79545  
22 shall be administered in accordance with this section.

23 (b) Grants shall be awarded on a statewide competitive basis.

24 ~~(c) The department, at a minimum, shall convene and consult~~  
25 ~~with a public advisory committee for the purposes of developing~~  
26 ~~solicitation and evaluation guidelines for awarding grants under~~  
27 ~~this chapter. The department may use more than one advisory~~  
28 ~~committee for the purpose of carrying out Section 79545.~~

29 ~~(d) The public advisory committee shall be composed of~~  
30 ~~representatives of interested federal, state, and local governmental~~  
31 ~~agencies, regional water management groups and other regional~~  
32 ~~resource planning groups, public and private water agencies,~~  
33 ~~agricultural interest groups, environmental interest groups, public~~  
34 ~~interest groups, nonprofit interest groups, and other interested~~  
35 ~~parties.~~

36 ~~(e) The public advisory committee shall provide advice and~~  
37 ~~comments to the department on project solicitation and evaluation,~~  
38 ~~including, at a minimum, funding priorities and criteria for~~  
39 ~~evaluating grant proposals.~~



~~(f) Based on the advice and comments of the public advisory committee, the board shall develop project solicitation and~~

*(c) The department shall develop project solicitation and evaluation guidelines. The guidelines may also include a cap on the size of grants awarded pursuant to this chapter.*

~~(g)–~~

*(d) The department shall inform the Legislature as to the project solicitation and evaluation guidelines developed pursuant to this section. Funds for awarding grants pursuant to Section 79545 are available for allocation 60 days after the date on which the department informs the Legislature.*

~~(h) The department may not delay convening the public advisory committee pursuant to subdivision (c) for the purposes of receiving the report prepared pursuant to Section 12949.6.~~

~~(i)–~~

*(e) Beginning January 1, 2005, the department shall inform the Legislature as to the recipient and the amount of each grant awarded during the previous fiscal year under this chapter. The information shall include data on the geographic distribution of grants awarded under this chapter and the intended public and environmental benefit those grants provide. The information shall also include data on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.*

~~(j)–~~

*(f) Of the funds made available for the purposes of subdivision (a) of Section 79545, it is the intent of the Legislature to enact subsequent legislation to appropriate at least ten million dollars (\$10,000,000) for feasibility studies.*

SEC. 14.5. Section 79547.2 is added to the Water Code, to read:

79547.2. For the purposes of implementing subdivision (a) of Section 79545, the guidelines established pursuant to Section 79547 shall include a preference for projects for which the project proponent demonstrates need and that the project will benefit the environment and will cause no or minimal negative impacts to the environment. For the purposes of carrying out this section, the department shall consider all of the following:

(a) Impacts relating to saline water intake and outfall with special consideration of impacts to sensitive habitats, such as

1 coastal wetlands, estuaries, or other sensitive coastal or marine  
2 areas that may result from the implementation of the project.

3 (b) Project treatment of brine.

4 (c) A reduction in amounts of water diverted from streams or  
5 rivers that support endangered or threatened species that may  
6 result from the implementation of the project.

7 (d) A reduction in saltwater intrusion or groundwater overdraft  
8 that may result from the implementation of the project.

9 SEC. 15. Section 79555 is added to the Water Code, to read:  
10 79555. The Legislature finds and declares all of the  
11 following:

12 (a) According to the Environmental Water Account Operating  
13 Principles Agreement, the environmental water account will  
14 expire on September 30, 2004, unless extended by written  
15 agreement among the management agencies and project agencies.

16 (b) The Environmental Water Account Operating Principles  
17 Agreement also state that before the environmental water account  
18 expires, the management agencies and project agencies will assess  
19 the success of environmental water account operations and  
20 analyze the potential impacts from new facilities and expanded  
21 conveyance capacity. The agencies will then determine the  
22 appropriate size and composition of an environmental water  
23 account, as well as the environmental water account's sharing in  
24 the benefits from new facilities, in the fifth and future years.

25 (c) If the Environmental Water Account is extended, it is the  
26 intent of the Legislature to enact subsequent legislation requiring  
27 that not less than 50 percent of the funds made available pursuant  
28 to subdivision (d) of Section 79550 for acquisition of water for the  
29 CALFED environmental water account be expended for  
30 long-term water purchase contracts and water rights.

31 SEC. 16. Section 79560.5 is added to the Water Code, to read:

32 79560.5. The department and the board shall develop a joint  
33 process for soliciting and reviewing proposals for grants pursuant  
34 to Section 79560 to reduce the complexity and confusion of the  
35 grant application process and to encourage greater coordination  
36 and collaboration in funding between state agencies and programs.

37 SEC. 17. Section 79562.5 is added to the Water Code, to read:

38 79562.5. (a) Funds made available pursuant to Section  
39 79560 shall be administered by the department and the board in  
40 accordance with this section.

1 (b) Grants shall be awarded on a statewide competitive basis.

2 ~~(c) The department and the board, at a minimum, shall convene~~  
3 ~~and consult with a public advisory committee for the purposes of~~  
4 ~~developing solicitation and evaluation guidelines for awarding~~  
5 ~~grants under this chapter.~~

6 ~~(d) The public advisory committee shall be composed of~~  
7 ~~representatives of interested federal, state, and local governmental~~  
8 ~~agencies, regional water management groups and other regional~~  
9 ~~resource planning groups, public and private water agencies,~~  
10 ~~agricultural interest groups, environmental interest groups, public~~  
11 ~~interest groups, nonprofit interest groups, and other interested~~  
12 ~~parties.~~

13 ~~(e) The public advisory committee shall provide advice and~~  
14 ~~comments to the department and the board on project solicitation~~  
15 ~~and evaluation, including, at a minimum, funding priorities and~~  
16 ~~criteria for evaluating grant proposals.~~

17 ~~(f) Based on the advice and comments of the public advisory~~  
18 ~~committee, the~~

19 (c) The department and the board shall develop project  
20 solicitation and evaluation guidelines. The guidelines may include  
21 a provision that authorizes the department and the board to  
22 consider whether or not a project benefits an economically  
23 disadvantaged community or a severely economically  
24 disadvantaged community for the purposes of imposing  
25 requirements relating to matching funds. The guidelines shall  
26 include a preference for projects that provide a net environmental  
27 benefit.

28 ~~(g)~~

29 (d) The department and the board shall inform the Legislature  
30 as to the project solicitation and evaluation guidelines developed  
31 under this section. Funds for awarding grants pursuant to Section  
32 79560 are available for allocation 60 days after the date on which  
33 the department and the board inform the Legislature.

34 ~~(h)~~

35 (e) Beginning January 1, 2005, the department and the board  
36 shall each inform the Legislature as to the recipient and the amount  
37 of each grant awarded during the previous fiscal year under this  
38 chapter. The information shall include data on the geographic  
39 distribution of grants awarded under this chapter and the intended  
40 public and environmental benefit those grants provide. The

information shall also include data on the balance of funds available under this chapter for grants in that current fiscal year and future fiscal years.

~~(i)~~

(f) (1) It is the intent of the Legislature that the department award grants under this chapter on behalf of projects that are consistent with an adopted integrated regional water management plan that provides regional benefits similar to those provided by the implementation of a regional plan prepared in accordance with Part 2.2 (commencing with Section 10530) of Division 6.

(2) For the purposes of paragraph (1), an “integrated regional water management plan” is a plan that is adopted by more than one jurisdiction and addresses water quality and ecosystem restoration needs, and may include components relating to flood management, water supply reliability, groundwater recharge and management, or any other purpose that is consistent with this chapter.

SEC. 18. Section 79564.1 is added to the Water Code, to read:

79564.1. (a) Of the funds made available by Section 79560, not less than 40 percent shall be available for projects in northern California and not less than 40 percent be available for projects in southern California to the maximum extent possible, subject to a determination by the administering agency that each project meets all of the requirements of this chapter.

(b) For the purposes of this section, “southern California” means the Counties of San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, and Ventura.

(c) For the purposes of this section, “northern California” means all California counties except those identified in subdivision (b).

SEC. 19. Section 79564.5 is added to the Water Code, to read:

79564.5. (a) To be eligible for financing by the department pursuant to Section 79560.1, a project shall be consistent with an adopted integrated regional water management plan as described in subdivision (a) of Section 79564.

(b) *For the purposes of financing projects pursuant to Section 79560.1 that otherwise meet the requirements of this chapter, the department shall assign a preference to all of the following projects:*

1     *(1) Projects that implement enforceable programs that have a*  
2     *clearly defined process for achieving and maintaining water*  
3     *quality standards. For the purpose of this paragraph “enforceable*  
4     *programs” means \_\_\_\_.*

5     *(2) Projects that implement best management practices in*  
6     *accordance with “Phase II” of the national pollution discharge*  
7     *elimination system stormwater program as set forth in Part 122 of*  
8     *Title 40 of the Code of Federal Regulations.*

9     *(3) Projects that implement an approved total maximum daily*  
10    *load program, implement best management practices in*  
11    *accordance with waivers granted by, or waste discharge*  
12    *requirements prescribed by, a regional board or the state board, or*  
13    *implement a watershed management plan approved by a regional*  
14    *board or the state board.*

15    SEC. 20. Section 79568.5 is added to the Water Code, to read:

16    79568.5. It is the intent of the Legislature in subsequent  
17    legislation to allocate fifty million dollars (\$50,000,000) from  
18    funds available pursuant to Section 79568 as a minimum state  
19    contribution or matching contribution for federal funds or funds  
20    obtained from other sources, to assist in the implementation of the  
21    preferred alternative or other related restoration activities,  
22    including the program referred to in paragraph (3) of subdivision  
23    (d) of Section 2081.7 of the Fish and Game Code, at the Salton Sea  
24    or the lower Colorado River, or to assist in the development of a  
25    natural community conservation plan that is consistent with the  
26    initiative and that is implemented to effectuate the Quantification  
27    Settlement Agreement.

28    SEC. 21. Section 79571.5 is added to the Water Code, to read:

29    79571.5. Beginning January 1, 2005, each state agency  
30    expending funds pursuant to this chapter shall inform the  
31    Legislature as to the recipient and the amount of each expenditure  
32    or grant made during the previous fiscal year under this chapter.  
33    The information shall include data on the geographic distribution  
34    of expenditures and grants made under this chapter and the  
35    intended public and environmental benefit that those expenditures  
36    and grants provide. The information shall also include data on the  
37    balance of funds available under this chapter for expenditures and  
38    grants in that current fiscal year and future fiscal years.

39    SEC. 22. Chapter 10.7 (commencing with Section 79579) is  
40    added to Division 26.5 of the Water Code, to read:

CHAPTER 10.7. FUNDING REQUIREMENTS

79579. No funds allocated pursuant to this division may be expended to supplant or pay for regulatory obligations of private parties under state or federal law.

79579.5. No funds made available by this division may be allocated to the owner or operator of a facility or an individual who has been determined to be in violation of state water quality laws within two years prior to submitting an application for a grant, loan, or other award pursuant to this division unless, in the judgment of the administering agency, the applicant is demonstrating a good-faith effort to comply with those state water quality laws.

